LEGISLATIVE ANALYSIS

Committee Hearing: Finance: April 15, 1998
File number: 97-97-04, 97-97-70- -73 General Assistance & Indigent Adult Programs
Origin: Supervisor Teng

Requested Action

The Department of Human Services is requesting adoption of a resolution and approval of amendments to the San Francisco Administrative Code, to create new discretionary programs for the indigent persons and to change current provisions in the County's General Assistance Program for Indigent Adults. The proposed amendments codify rules in the General Assistance program and create three programs that require an applicant to be either eligible for another Federal assistance program or agree to participate in vocational training and supportive services. The three new programs are the Personal Assisted Employment Services Program (PAES), Cash Assistance linked to Medi-Cal Program (CALM), and the Supplemental Security Income Pending Program (SSIP). The basic safety net program, General Assistance (G.A.), would continue with a proposed reduction to the cash grant. The proposed aid payment schedules are attached to this report.

Current Law

The California Welfare and Institutions Code Section 17000 requires all counties to provide support to indigent persons who are legal residents and have no other means of support. The City and County of San Francisco's General Assistance Program is found in Chapter 20 Article VII of the Administrative Code. The program is administered by the Department of Human Services. Currently any eligible adult that meets the program requirements can receive monthly cash aid or in-kind aid. There is no time limit to receiving aid through this program.

BACKGROUND

Shift in Federal & State welfare law

A number of significant changes have occurred at both the State and Federal level which indirectly and directly impact General Assistance programs in California counties. The most significant federal legislation was the Temporary Assistance to Needy Families (TANF) program which set new time limitations on welfare recipients enrolled in TANF, work participation requirements for parents and eliminated eligibility for some legal immigrants. The TANF program imposed new requirements on counties based on the State plan to move recipients from welfare to work. The State of California has also enacted new laws that allow counties to limit general assistance to able bodied recipients after three months of aid (AB 681 Statutes of 1996). Many counties in the immediate San Francisco Bay Area have restructured general assistance programs and have restricted grant levels and limited aid time.

Regional Perspective on General Assistance (Supplemental Report Attached)

San Francisco currently has a caseload of 12,900 General Assistance recipients and maintains the highest cash grant level in the State. The supplemental report provides an analysis of eight Bay Area county's General Assistance programs and includes a comparison of program data and requirements. Some of the findings are:

- Seven counties plan to maintain current grant levels this year.

- Eight counties provide and require G.A. recipients to participate in job search and vocational training.
- Four counties have created special programs for indigent persons who are disabled or over the age of 65.
- Five counties have experienced a 25-50% decline in caseload in the past several years.
- Four counties have time limited aid G.A. programs.

San Francisco's welfare programs

In December 1997, the Board approved a supplemental appropriation for the Department of Human Services (DHS) to fund new TANF programs, a portion of the supplemental in the amount of $ 673,339 was requested to increase staff and health services for the proposed PAES training programs for the Indigent Adult population. The program is pending implementation following adoption of the new ordinances. DHS proposed the new indigent programs to develop more equity between the General Assistance Program and CalWORKs (TANF) program requirements and impacts. A brief description by DHS describing the purpose of each new program is attached to this report.

General Assistance to Work

The PAES program is the cornerstone of the new programs. This would be a discretionary program that extends employment, vocational and supportive services to indigent adults in order to prepare recipients for work. DHS anticipates enrolling over 8,600 people but only intensively serving 2,300 people a year. However all 8,600 PAES participants would have to agree to enter into a written participant agreement which outlines PAES activities including supported work experience, job search and other appropriate activities determined by DHS as well as keeping an appointment to establish a PAES plan. Failure to do so would result in returning to the General Assistance Program which as proposed, has a lower cash grant level. Other requirements which are different from G.A. are residency in the City for 30 days and a lifetime service benefit of 27 months (and a possible 6 month extension).

Currently DHS offers the General Assistance Training and Employment Services (GATES) program to recipients which provides limited vocational services. The Workfare program requires able bodied recipients to work in City departments such as Public Works. Mental health and substance abuse services have been available through the Health Department. According to DHS data, in the past two years 3,020 general assistance clients received mental health and substance abuse services. 80% of these visits were provided to PAES eligible recipients.

Other Significant Program Changes

DHS has proposed a number of other significant changes to the General Assistance ordinance which in turn are reflected in the requirements of the other new programs. The G.A. ordinance includes a significant amount of detail regarding the requirements and operations of the program:

1. Reduces the grant payment for only the General Assistance Program from $345 to $279 for an individual.

2. Increases the asset allowance to $2,000 to be carried over from SSI or the earned income disregard program.

3. Codifies the current DHS rule that proper identification for establishing eligibility includes a U.S. passport or INS documentation and a Social Security number.

4. Allows short term case recipients receiving income to receive cash aid instead of in-kind aid.

5. Makes ineligible for aid, persons convicted of drug felonies involved in possession, use or distribution of controlled substances (if part of a CalWORKs assistance unit), fleeing felons and persons who have been receiving aid through TANF for 60 months.

6. Changes the definition of a family unit for purposes of establishing maximum aid payments, to include a spouse, domestic partner and children under 18. The existing ordinance defined family as persons related by the first degree of consanguinity. This change will conform the Administrative Code with current departmental practice.

7. Changes the method of determining the value of free housing from fair market value to the table on "income in kind" when computing the reduced aid amount.

Other significant changes are discussed in the policy issue section of this report.

POLICY ISSUES

The main policy issues for the Board to consider are;

1. Whether to create new discretionary programs that will require the Department of Human Services to increase the level of case management and vocational services for the indigent adult population.

2. At what level to set and adjust the grant for the General Assistance Program.

3. Whether to make the indigent adult programs for employable recipients equitable with the requirements of the CalWORKs program.

1. CREATION OF NEW JOB TRAINING PROGRAM & OTHER DISCRETIONARY PROGRAMS

Is there sufficient capacity in the job market for the indigent adult as well as the CalWORKs recipients

There are over 12,000 adults in the caseload of the General Assistance program. DHS estimates that 8,668 would be eligible for the PAES or general assistance programs but only 4,768 would be considered employable now. In addition, The CalWORKs program has 5,440 recipients that must be working within 24 months.

The Employment Development Department (EDD) issued occupational projections which estimate the growth within certain job classifications in San Francisco between 1994 and 2001. In the occupations with the greatest job growth 13,100 new jobs are projected. Approximately 9,000 of these estimated jobs are non-managerial or non- professional. The estimated growth in the type of jobs that require lower skilled employees is approximately 3,700, however 1,130 are electronic data processing jobs that require persons with training. In addition DHS indicates that there is high turn over in many jobs which will provide additional placement opportunities.

Despite the projected 9.3% overall growth in jobs during this period, the estimated number of new jobs in San Francisco probably cannot absorb the entire "employable" public assistance population of 10,000 -

14,000 that need to find employment within the next two years. Job turn over should provide more job availability, EDD estimates that job growth combined with job turn over could provide 49,000 job openings. Regionally there may be additional job opportunities for G.A/PAES recipients and CalWORKs recipients and DHS plans to contract with the San Francisco Urban Institute to conduct further studies of future job growth for this population.

What are the results of the job training programs that have been utilized with this population

Currently DHS operates the voluntary GATES program which is available to recipients of General Assistance. That program provides vocational support services such as resume development and soft skills training but not direct job training. There are 855 participants in the program this year. The total number of persons employed to date has been 141 or 16% of the total with an average wage of $8.21 hour. Last year the total number of persons employed was 204. The department has 10 staff dedicated to this program. The Workfare program includes 1000 recipients who work in City departments doing custodial types of work and 600 working in non-profit advocacy. DHS has provisions for an Employer Subsidy program but this has not been well utilized by employers According to DHS this is because employers prefer trained workers rather than a subsidy for untrained workers.

The Private Industry Council is in the second year of the Federally funded "Homeless Employment Collaborative" program serving and training 393 adults, 46% of the participants are in the General Assistance program. According to the PIC's report on the first year of the program, the program has placed 169 participants (43%) into unsubsidized employment at an average wage of $7.92 hour. The cost per participant placement is $ 3,577. Performance outcomes are placed on each of the non-profit organizations contracting under this program. Actual payments to contractors is based on the percentage of goals met. Tying "pay for performance" may be an effective tool to use for contractors working in the proposed DHS program.

The programs re-define eligibility for aid

The proposed programs allow coverage to indigent persons not specified in the existing general assistance ordinance including; students who have student loans and also comply with requirements of G.A. and PAES and persons receiving Medi-Cal but no longer eligible for SSI (CALM program). In addition the programs include language regarding the eligibility of minor children (G.A. Section 20.56)

Students

Proposed change allows student loans that are utilized for tuition and books, to be exempted from program income limits in both the General Assistance and PAES programs. In the existing program, students have been presumed as ineligible for General Assistance unless they provide evidence to rebut the presumption that they were not seeking full time employment. Does disregarding loan income potentially open up the pool of students who could also successfully rebut presumed ineligibility ? DHS states that current practice is to exempt tuition. If the reason to include this income exemption is to encourage recipients to seek education and training , then it is reasonable to limit this exemption to the PAES program? DHS prefers to maintain this income exemption for all programs.

Medi-Cal

The CALM program will link aged, blind and disabled persons eligible for Medi-Cal but not for SSI, to the new indigent safety net program. The department anticipates that a majority of the eligible persons will be legal immigrants that cannot qualify for SSI due to their immigration status. The proposed CALM

program differentiates this population from the General Assistance population by providing the higher grant level among some other program requirements. Eligibility would be determined by the Medi-Cal staff so that recipients don't have to go through a G.A. application process and so that DHS can claim federal revenue.. DHS anticipates a slow growth in this caseload, however growth that occurs in this program is largely the result of changes in Federal law. The resulting shift of costs from the Federal Government to county governments is fairly uncontrollable for immigrants who do not have sponsors, due to statutory requirements in California.

Children

General Assistance is a program for indigent adults but DHS has always included minor children within a family unit despite inconsistent language in the ordinance. The proposed General Assistance Program specifies that aid and services shall be granted to "any person under the age of 18, living with and applying with their parents for aid, if that person was never eligible for TANF/CalWORKs" (Section 20.56). The City Attorney states that the intent is not to create separate eligibility for a child to apply on his/her own but would clarify that minor children can be included in receiving aid under the family unit. However the language which is included in the section on "eligibility, should be amended to clarify the departments intent.

Summary: Issues Regarding Indigent Adult Programs

Three issues were raised in this section:

- The capacity of the job market to employ a significant number of public assistance recipients
- The results of existing job training programs
- The potential increase in caseload due to changes in local and federal regulations.

There are job training programs that place General Assistance recipients in jobs. Such programs have been operated through DHS and the PIC utilizing job development contractors. . The programs placed between

16%-43% of the participants. The PIC programs had a slightly higher placement rates which might be due to implementing pay for performance with their contractors. Enhanced case management and vocational services for this population might improve these placements rates but the growth in new jobs in San Francisco is not projected to surpass the numbers of employable persons on public assistance. Due to the work participation requirements of CalWORKs, it is important not create too much competition for the same jobs. Yet with an overall 9.3% growth rate, high turn over and a low unemployment rate of 5.6 %, this current economic upswing may provide the best opportunity to try moving the employable General Assistance population to work.

The revised G.A. program and the new programs may cover more categories of persons than in the past. The change of income exemptions may allow more students in the program. Persons no longer eligible for SSI, have already begun to be enrolled in the indigent adult programs due to federal law changes and the proposed expedited application procedures. Children will be eligible for aid within a family unit but not individually.

2. GENERAL ASSISTANCE GRANT LEVELS

State General Assistance law allows counties to adopt a standard of aid for grant setting, that is equal to 62% percent of the 1991 Federal poverty levels. In certain circumstances counties in fiscal distress, can

apply for relief and lower the grant. According to DHS, San Francisco at one time tied G.A. grant levels to AFDC but locally approved cost of living adjustments and State actions have caused the two grant levels to differ significantly. The State also sets the TANF/CalWORKs grant levels based on a minimum standard of care.

In an effort to create uniformity for the two State mandated aid programs G.A. and TANF/CalWORKs, DHS has requested establishing the same grant levels. The Coalition on Homelessness believes that the TANF grant level for a single person is based on a single child who would not be paying rent under TANF, and therefore such a grant level is inadequate for a single adult who must pay rent. DHS that the single grant can be for a child only or a pregnant woman. The current G.A. program grant does not correspond well to the rental market in San Francisco and DHS has tried to address that through contracts with non-profit housing providers such as Tenderlion Housing and the Supplemental Rent program, which provides two party checks between recipients and the housing provider when the rent exceeds the grant level. Previous attempts by DHS to implement direct housing payment programs (Proposition N) have not been well received by homeless advocates, indicating the priority concern is not ability to pay rent but rather an ability to maintain discretion to utilize cash aid.

Both from the viewpoint of equity and uniformity of the General Assistance and CalWORKs programs, establishing the same grant level makes sense. Even though, the Statewide minimum standard of care may not account for the higher cost of living within the City of San Francisco, DHS has indicated that all G. A. eligible recipients will be able to enroll in PAES which has a higher grant level.

Automatic Cost of Living Adjustments

The new language proposed for all of the programs, requires a cost of living increase in the grant amount when such an increase is implemented by the State for the TANF/CalWORKs program. This would replace the existing G.A. language which requires a COLA adjustment based on an increase as well as a decrease in the percentage change in the cost of living as adopted by the State for TANF.

However, the existing ordinance contains a provision which suspends this requirement altogether during fiscal year 1997-98. If the Board would like to suspend the cost of living adjustment for fiscal year 1998-99, it may want to consider doing that at this time. If the Board takes no action, a cost of living increase would only occur if the State Legislature provided a such an increase for the TANF/CalWORKS program. DHS indicates that the cost of living suspension was not recommended by the Human Services Commission this year.

3. PROGRAM EQUITY ISSUES: INDIGENT ADULT PROGRAM AND CalWORKs

DHS has stated that it is concerned about fairness and equity in program requirements for CalWORKs recipients and General Assistance recipients and that concern is prompting some of the changes proposed particularly with the new PAES program.

CalWORKs G.A., PAES, SSIP, CALM

Work requirements

Under CalWORKs, parents are required to meet certain work participation goals in order to receive their grant. Within 18-24 months they must find job placements for 26 hours a week.

General Assistance recipients classified as employable have been required to register with the

Employment Development Department and perform workfare assignments as required by DHS. PAES participants will develop a plan.

Time limits

CalWORKs grants are time limited to 18-24 months with a lifetime of 60 months, and the recipient is required to participate in job training and education for 26 hours a week.

Persons in G.A. and PAES do not have time limits on grants however there is a lifetime services limit of 27 months under the PAES program. Many other counties in the region are time limiting General Assistance recipients to 3 -5 months.

Ineligibility

The CalWORKs program includes provisions which deny eligibility to person convicted of drug felonies, fleeing felons and families that have reached a 60 month limit on CalWORKs.

Includes the State provisions that deny eligibility to persons convicted of drug felonies (in CalWORKs unit), fleeing felons and families that have reached a 60 month limit on CalWORKs.

Income Disregard Program

All programs have an "Earned Income Disregard Program" however the CalWORKs program and the County program are not "calibrated" by the same percentages, resulting in certain inequities between recipients who work and receive a partial grant. These programs disregard a certain amount of income when determining the grant amount within the program.

The CalWORKs program disregards the first $225 of income and then 50% of the remainder of the income.

The San Francisco program disregards the first $200 then 67% of the next $150, 50% of the next $150, 33% of the next $150. According to an example provided by DHS the local disregard program is more favorable:

Two Member Family Unit

PROGRAM	CalWORKs	GA, PAES, SSIP, CALM
Earned income	$488	$488
Grant amount	$324	$448
Total	$812.00	$936.00

Comments on equity:

Neighborhood Legal Assistance questioned the logic of imposing certain State eligibility provisions on discretionary county programs (PAES,CALM,SSIP). During the negotiations over the TANF legislation with the State legislature, counties opposed the provisions that denied TANF benefits to convicted drug felons because of the impact that could have on county general assistance programs. Drug felons convicted after December 31, 1997 and part of a CalWORKs unit, are not eligible for General Assistance

or discretionary programs. Also although clearly a problem in the future, the Board may want to review whether it makes sense to include in PAES those persons that have exhausted their CalWORKs grant since the training provided by PAES is unlikely to be more effective than that which is provided under CALWORK. The Director of DHS can waive these requirements for individuals.

OTHER ISSUES OF FAIRNESS

Support by Relatives

State General Assistance law requires the City and County to relieve and support persons who are not supported by their relatives or friends, by their own means or State hospitals or institutions. The existing San Francisco ordinance is consistent with these principles. The proposed language would remove the requirement that an applicant seek support of relatives. Although this requirement is in the W & I Code, the City Attorney's Office states it is not enforceable under case law and therefore removed the language from the proposed ordinance. *The Board may want to consider inclusion of the principle that persons must seek support from relatives prior to requesting assistance from the City.*

Impact of longer sanctions periods

Failure to comply with PAES requirements could lead to a loss of the PAES grant for 60 - 90 days, although a person would be eligible for the proposed lower G.A. grant. Because the income differential between PAES and G.A. is $66 for a individual, a substantial income reduction could impact the ability for someone to retain housing during the sanction period. The program does allow a person under sanction in PAES, to participate in the Supplemental Rent Payment program which will pay for rents up to the maximum grant level. Therefore such sanctions will not necessarily cause a person to lose housing, however it would result in a loss of cash aid. The sanction period is discretionary and is one measure to enforce compliance with PAES. Because the City is making a financial investment in this training program, failure to comply reduces the benefit to both the department and the recipient. Reduction of the grant and the services during the sanction period could be seen as a method of offsetting the lost benefit to the department.

OPTIONS AND RECOMMENDATIONS

1. CREATION OF NEW DISCRETIONARY PROGRAMS FOR THE INDIGENT ADULT POPULATION.

Options

A. Adopt the ordinances with the recommended amendments and direction to DHS:

1. Amend the "eligibility" sections of all ordinances regarding persons under 18 year of age, to clarify the Department's intent that minors cannot be eligible as individual applicants.

2. Request DHS and the Department of Public Health to continue to examine ways to shift some costs for the CALM program back to the Federal government through the Medi-Cal program.

3. Request DHS to provide a written report to the Board one year following implementation on the results of the programs.

4. Request that DHS continue to implement pay for performance with their job placement contractors

as is done by the PIC programs.

5. Request that DHS return to the Board during the annual budget process with information regarding the cost per participant for the PAES program and provide information on how that compares with participant costs in similar existing programs.

Additional Options

6. Request that DHS monitor programs to determine whether CalWORKs recipients are being displaced by PAES recipients in training, job placements and higher paying jobs. Evaluate fiscal and programmatic impacts resulting from findings and provide a report to the Board.

7. Amend sections on student loan exemption.

a. Clarify that loans must be direct payments to institutions for tuition.

b. Amend the proposed G.A., SSIP and CALM ordinance to eliminate the income exemption for student loans. This would only allow an income exemption for students loans in the PAES program. DHS does not want to exclude persons in these programs from the ability to utilize non-City funds to attend educational programs.

Alternative Option

B. Do not adopt the PAES ordinance and instead continue GATES program.

By not adopting the PAES, program the number of indigent adults that receive vocational skills training will be limited under the GATES program. DHS would be able to continue administering the job search

activities that are currently required under the G.A. ordinance. If the Board chooses not to adopt the PAES ordinance, it is still recommended that the Board consider the first three issues in item A above.

2. SET AND ADJUST THE GRANT FOR THE ADULT INDIGENT AND GENERAL ASSISTANCE PROGRAMS

Options

A. Adopt the proposed General Assistance Ordinance

This will conform the maximum grant levels in the G.A. program with the TANF/CalWORKs grant levels thereby reducing the existing maximum grant level.

B. Amend the Cost of living provisions in all proposed ordinances.

Amend the proposed provisions to suspend the cost of living adjustment provisions for fiscal year 1998-99.

If the Board takes no action, a cost of living increase would only occur if the State Legislature provided a such an increase for the TANF/CalWORKs program.

C. Disapprove the grant reduction sections of the General Assistance Ordinance

The Board could consider a number of options including:

1. Continuing the same maximum grant level as now received but implement the sections of the ordinance to require recipients to go into direct housing payment program. This issue was in litigation previously and might ultimately end up back in court.

2. Establish a minimum standard of care for San Francisco and set the maximum grant on that amount. This would have an unknown fiscal impact and could result in adjusted maximum grant levels. The maximum grant could be offset by in-kind aid.

3. Implement a direct housing payment program if the standard of care exceeds the current grant levels due to the higher cost of housing in San Francisco.

3. ADRESS OTHER AREAS OF EQUITY AND FAIRNESS WITHIN THE INDIGENT ADULT PROGRAMS AS WELL AS WITH THE CalWORKs PROGRAM.

OPTIONS

A. Possible amendments:

1. Amend the PAES and General Assistance programs to include time limits pursuant to State law. Time limits may cause out migration of recipients, thereby reducing the caseload for certain periods. Such a time limit could have unknown impacts on the ability of recipients to maintain housing and could result in more demand for shelter beds. DHS believes it would lead to acute deprivation and distress. Time limits would likely limit the ability to successfully train recipients enrolled in PAES.

2. Amend the ordinances to conform the Earned Income Disregard Program so that it is not more favorable to indigent adults than it is to the CalWORKs recipients. Such a change from the current program may reduce some incentive to work more hours. It Could decrease cost to the City through lowering the amounts of grants.

3. Amend the ordinances to include within the principles of the programs that applicants must seek support from relatives prior to requesting assistance from the City.

COMPARISON OF COUNTY GENERAL ASSISTANCE PROGRAMS

County/City	Maximum Grant	Caseload	Time Limits	Sanctio
San Francisco	$ 345	12,920	No	Yes
Alameda	$ 221	5,400	Yes - 3 months	Yes
Contra Costa	$ 279-311	2,231	Yes - 3 months	Yes
Marin	$ 307	207	No	
Napa	$ 380 (vouchers)	34	No	No
San Mateo	$ 259-299	560		
Santa Clara	$ 285	2,600	No	No

Solano	$ 221	537	Yes - 3 months	Yes
Sonoma	$ 279	400	Yes - 3 months	Yes
Los Angeles	$ 221 + $55clothing	80,000	Yes - 5 months	No
Sacramento	$201 + $20transport	6,400	Yes - 3 months	Yes

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